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SUBJECT: ECONOMIC DOWNTURN POTENTIALLY SPURRING SOUTHWEST CHINA'S
HYDROPOWER PROJECTS

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CLASSIFIED BY: James A. Boughner, Consul General, U.S. Consulate
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REASON: 1.4 (b), (d)

[11](#). (C) SUMMARY: Post recently learned from local NGO and academic contacts that the economic downturn appears to be pushing Yunnan's provincial government to move forward with hydropower projects on the Nu River, previously put on hold by the central government, as a means to funnel government investment into major infrastructure projects. Despite previous objections, the central government may also now be supporting construction of these dams, considers information on them to be classified, and reportedly has blocked requests to make information about the projects public. Some environmental NGOs based in Yunnan are steering clear of this sensitive project, focusing instead on areas where they can easily cooperate with local governments. End Summary.

Renewed Plans to Dam the Nu River

[12](#). (C) Yunnan's provincial government is seeking to move forward with the controversial Nu River dam project, according to Yu Xiaogang from Green Watershed, a Kunming-based NGO contact who previously worked for the Yunnan Academy of Social Sciences. Yu said that current plans call for China Huadian Corporation to build four dams along the Nu River. These four larger dams will retain roughly the same volume of water behind as a plan for 13 smaller dams originally proposed in 2004 would have. The originally-proposed series of dams would have generated more power than the Three Gorges Dam and would have displaced 50,000 farmers, according to a 2005 article published in China Daily. Yu said the revised dam project would likely displace a similar number of people.

[13](#). (C) Yu claimed that the Yunnan provincial government sees dam construction on the Nu River as a way to maintain a high rate of GDP growth. Yunnan's newspapers echo national-level calls to ensure GDP growth at or above 8 percent in 2009. Recent print media and at least five television reports have also publicized the benefits of the Nu River dams, a move Yu sees as trying to garner popular support for the project. The effort to generate support comes despite the claim that local communities in the dam area may gain little direct economic benefit from the project. A Consulate contact at the Sichuan Academy of Social Sciences told us that local areas often reap direct economic benefits from small and medium sized dams that can be built and managed at the local level, but not larger dams like those planned on the Nu River.

[14](#). (SBU) If the Nu River dams receive approval from the central

government, Yunnan would probably be able to use this project to lobby for an increased share of the four trillion RMB (USD 536 billion) stimulus funding available from the central government.

An academic from neighboring Guizhou Province told Congenoff that a greater proportion of the stimulus funding would go to provinces that have centrally-approved, large-scale projects.

NGOs Have Limited Influence~

15. (C) Local NGOs appear to have limited ability to influence government decision making about the proposed hydropower project. The central government turned down a request from NGOs to make environmental information about the river and the dam project public. Beijing told the NGOs that information about the Nu River must be "kept secret" (bao mi). Beijing has also refused to publish a report it received from NGOs that discusses the environmental impact of dams on the Nu River, according to Yu. The government--although it was unclear if Yu meant the central or provincial government--claims that ordinary citizens would not be able to understand the information about the river, even if it were published. (NOTE: Yu's reference to "bao mi" could also mean that the Chinese government has officially classified information about the river at or above the "confidential" level. END NOTE).

16. (SBU) The government did, however, tell local NGOs it would share some information with small villages in the area affected by the dam project. Yu said it would be difficult for NGOs or the public to verify if this actually happens. He went on to say that NGOs will find it hard to stop the project because of the current focus on maintaining economic growth. He said that earlier proposals to dam the Nu River stalled not because of environmental considerations, but because Beijing at that time wanted greater control over infrastructure investment, according to Yu.

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~and Choose to Work on Less Sensitive Projects

17. (SBU) NGOs like The Nature Conservancy (TNC) and Conservation International (CI)--two NGOs with a prominent presence in Southwest China--have chosen to focus on less sensitive environmental issues that do not involve hydropower projects. The Yunnan Program Deputy Director for the TNC in Kunming, Chen Jie, said during a January meeting with Congenoff that TNC's programs in Southwest China focus on building national parks, promoting eco-tourism, and golden monkey preservation. The organization relies on its established relationships with Lijiang and Deqin--two local governments in Yunnan--to continue its environmental work.

18. (SBU) Li Shengzhi, the head of CI's office in Sichuan, told Congenoff in September 2008 his organization does not work on hydropower projects, or environmental issues related to hydropower projects, because of a "lack of data." CI's Sichuan office works on eco-tourism and national park legislation and enjoys a good working relationship with the government. Li said that his organization recently helped the Sichuan government publish reports on panda habitat. He also plans to accompany the Yunnan Party Secretary to Latin America in February to learn about eco-tourism programs. CI has only one staff member working in Yunnan, and she does not work on water-related issues.

19. (C) COMMENT: The Nu River dams are still of course a sensitive subject in China. In 2006, local authorities briefly detained a German reporter for conducting interviews about the dam and confiscated his notes. Yu appears to have few reservations about sharing his views about the Nu River project with consulate officials, although he stopped short of describing or speculating about specific details of the information the government considers secret. In 2005, Yu reportedly had his passport confiscated and the government

almost certainly still monitors his activities.
BOUGHNER